

**DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF HEALTH CARE SYSTEMS ANALYSIS**

**Hospital Licensing Standards
Performance Measurement and Assessment System**

Proposed Amendment: **N.J.A.C. 8:43G-27.6**

Authorized by: Clifton R. Lacy, M.D., Commissioner, Department of
Health and Senior Services (with approval of the
Health Care Administration Board)

Authority: N.J.S.A. 26:2H-1 et seq.

Calendar Reference: See Summary below for explanation of
exception to the rulemaking calendar
requirements.

Proposal Number: PRN 2002-402

Submit written comments by January 17, 2003 to:

John A. Calabria, Director
Certificate of Need and Acute Care Licensure Program
New Jersey Department of Health and Senior Services
P.O. Box 360, Room 403
Trenton, New Jersey 08625-0360

The agency proposal follows:

Summary

The Department of Health and Senior Services is proposing to amend the reporting date and data collection requirements of N.J.A.C. 8:43G-27.6.

The existing rule, at N.J.A.C. 8:43G-27.6(a), identified a minimum set of indicators of care that must be included in the reporting system (for example, patient injury rate, cesarean section rate, mortality associated with cardiac procedures). However, this collection of data using these indicators was not to be required until a Quality Improvement Advisory Committee (QIAC) provided advice to the Department and appropriate regulations were crafted to analyze and utilize the data.

In accordance with the provisions of N.J.A.C. 8:43G-27.6(a), the Department established a QIAC in July 2000 to assist in the development of a hospital quality reporting system. The QIAC was required, in accordance with

N.J.A.C. 8:43G-27.6(e), to address the relevance, validity and reliability of indicators; methods for improving hospital quality; patient confidentiality; costs of data collection; methods for reducing duplication; public release of data; and methods for efficient utilization of resources.

Since its inception, the QIAC has been meeting to discuss those issues surrounding the development of a reporting system for collecting reliable, standardized and comparable information from hospitals. The QIAC has heard presentations on: National Quality Forum and Joint Commission on Accreditation of Healthcare Organization's initiatives, American Nurses Association nursing-sensitive measures, New York Patient Occurrence and Tracking System (NYPORT), Princeton Insurance risk assessment, Maryland Hospital Indicator project, New Jersey Hospital Association's quality initiatives and other national experts in the field. The work of the QIAC has occurred fortuitously at a time when considerable consensus has been achieved at the national level, through the work of the National Quality Forum, around performance measures for which there is considerable scientific evidence. The measures listed in the current rule at N.J.A.C. 8:43G-27.6(b) and (d) do not, by and large, satisfy the standards for effective performance measures. It is necessary not only to amend the rule to remove these measures, but to change the approach reflected in the rules to provide a process that enables an update without formal rulemaking of measures that hospitals must collect and report. Ongoing consultation with the QIAC will be required. This approach has been used effectively with HMOs, where the Department, working with the Health Data Advisory Committee, has collected data from HMOs and produced annual performance reports since 1997.

Briefly summarized, the Department's proposed amendments are as follows:

N.J.A.C. 8:43G-27.6(a) is amended to clarify that the data collected by the Department shall be used to: promote the standardized reporting of data by hospitals; provide the Department with information on the performance of hospitals for regulatory oversight; assist hospitals and their providers to measure and improve the quality of care; support efforts to inform consumers about hospital performance; and any other purpose consistent with this chapter.

N.J.A.C. 8:43G-27.6(b) is amended to require that the quality performance measurement reporting system may include the following: process of care measures; patient outcomes; patient satisfaction; and other indicators of care.

N.J.A.C. 8: 43G-27.6(c) is amended to require that data routinely collected by hospitals for submission to the Department shall be derived from existing sources when possible and effective. Specifically, data for this quality performance measurement system may include, but not be limited to, the following: medical record chart review; patient satisfaction surveys; computerized

health care encounter data; and administrative data that includes patient billing data.

N.J.A.C. 8:43G-27.6(d)1 through 5 are deleted in their entirety. Language is added to require that the Department use nationally recognized performance measures, where applicable and effective.

N.J.A.C. 8:43G-27.6(e) is amended to require that hospitals shall submit quality performance measurement data as the Department shall request from time to time from hospitals.

N.J.A.C. 8:43G-27.6(f) is amended to require that the Department may conduct audits of each hospital's performance measurement indicator data, including on-site audits, where applicable.

N.J.A.C. 8:43G-27.6(g)1 through 5 (formerly subsection (e)) is amended to clarify that during the development and implementation of the uniform data reporting system, the QIAC shall address the following: the relevance, validity and reliability of each measure selected to be an indicator of performance; measures to reduce duplicative reporting of information; cost and difficulty of data collection; protection of confidentiality of patient-specific information; public release of data; methods for improving the quality of care in hospitals; and methods for efficient utilization of resources.

N.J.A.C. 8:43G-27.6(h) is amended to clarify that the QIAC shall advise the Department on establishing a process for disseminating aggregate data to hospitals prior to public release.

Because a 60-day comment period has been provided on this notice of proposal, this notice is excepted from the rulemaking calendar requirement of N.J.A.C. 1:30-3.3(a)5.

Social Impact

The Department anticipates no negative impact on consumers of hospital services. The current quality improvement mechanisms will continue in place at all hospitals in New Jersey. Once the Performance Measurement and Assessment data reporting requirement is implemented, the Department anticipates a positive social impact resulting from dissemination of information on individual hospitals' performance. A favorable social impact to consumers is expected through implementation of the rule.

Economic Impact

The Department anticipates that this amendment will entail some cost associated with data reporting requirements, although efforts will be made to build on existing data collection efforts where feasible and desirable.

Although little hard data exists, it is generally assumed that, to the extent that mandated reporting stimulates improvements in hospital performance, the resulting improved quality will have a beneficial impact on health care payers and consumers, in avoiding the costs associated with poor quality.

Jobs Impact

The proposed amendment is not expected to have either a negative or positive impact on the generation or loss of jobs in New Jersey.

Federal Standards Statement

Since there is currently no Federal regulation governing performance measurement systems in hospitals, as described in the proposed amendment, a Federal standards analysis is not applicable to the proposed amendment.

Agriculture Industry Impact

The proposed amendment will have no impact on the agriculture industry in New Jersey.

Regulatory Flexibility Statement

The proposed amendment will not affect small businesses as they are defined in the Regulatory Flexibility Act, N.J.S.A. 54:14B-16 et seq. New Jersey hospitals, all of which are governed by N.J.A.C. 8:43G, employ well over 100 people and, thus, are not defined as small businesses under the act. Accordingly, no regulatory flexibility analysis is required.

Smart Growth Impact

The proposed amendment shall not have an impact on the achievement of smart growth and the implementation of the State Development and Redevelopment Plan.

Full text of the proposal follows (additions indicated in boldface **thus**, deletions indicated in brackets [thus]):

SUBCHAPTER 27. CONTINUOUS QUALITY IMPROVEMENT

8:43G-27.6 Performance measurement and assessment system

(a) The Department shall establish a Quality Improvement Advisory Committee (QIAC), including provider, consumer and individuals with quality of care research expertise representation, to advise the Department in developing a hospital performance measurement and assessment system [for monitoring the hospital-wide quality of care]. The data collected through this system shall be used by the Department to:

1. Promote the standardized reporting of data by hospitals;
2. Provide the Department with information on the performance of hospitals to support the Department's oversight role;
3. Assist general hospitals to measure and improve the quality of care provided within their facilities;
4. Support efforts to inform consumers about performance of individual hospitals and the industry as a whole; and/or
5. Any other purpose consistent with this chapter, particularly N.J.A.C. 8:43G-17.

(b) The Quality Improvement Advisory Committee shall advise the Department on the development of a uniform data reporting system to obtain reliable, standardized and comparable information from all hospitals. This quality performance measurement reporting system [shall] may include [at least the following] measures of: [indicators of care:

1. Percentage of board certified physicians;
2. Cesarean section rates, including primary, repeat, and vaginal births after C-sections;
3. Cardiac surgical mortality;
4. Cardiac catheterization mortality; and
5. Average waiting time for medical screening examination in the emergency department.]

1. Processes of care demonstrated to significantly enhance patient outcomes;
2. Patient outcomes, risk-adjusted where feasible and appropriate;

- 3. Patient satisfaction with the care provided; and**
- 4. Other indicators of care as recommended by the QIAC.**

(c) [No data shall be required to be reported until the Quality Improvement Advisory Committee has submitted its advise to the Department and appropriate regulations are promulgated.] **To minimize costs to hospitals and the Department, performance measures shall incorporate, when possible, data routinely collected by hospitals or available to the Department from other sources. Data for this quality performance measurement system may be derived from, but not be limited to, the following:**

- 1. Medical record chart review;**
- 2. Patient satisfaction surveys;**
- 3. Computerized health care encounter data; and**
- 4. Administrative data systems including billing data.**

[(d) Beginning July 1, 2002, and annually thereafter, the hospital shall report the following indicators, as well as those noted in N.J.A.C. 8:43G-17. in a uniform data reporting system developed by the Quality Improvement Advisory Committee:

1. Unscheduled returns to a critical care unit during the same hospitalization;
2. Unscheduled admission to hospital for the same condition within 72 hours of discharge from the emergency department;
3. Unscheduled returns to the operating room for the same condition;
4. Registered professional nurses in medical/surgical units as a percentage of total medical/surgical nursing staff; and
5. Direct service indicators of care, including at least:
 - i. Patient injury rate;
 - ii. Medication process errors;
 - iii. Maintenance of skin integrity;
 - iv. Nosocomial infection rates
 - v. Hospital-wide patient satisfaction with overall care, including nursing care; and

vi. Patient satisfaction with pain management.]

(d) Where applicable, the Department shall use nationally recognized performance measurements/indicators to promote cost-effective collection and reporting of data.

(e) Hospitals shall submit quality performance measurement data as the Department shall request from time to time directly from each hospital.

(f) The Department may conduct audits of each hospital's performance measurement indicator data including on-site audits, where applicable.

[(e)]

(g) During the development and implementation of the uniform data reporting system, the QIAC shall address the following:

1. The relevance, validity and reliability of each measure selected to be an indicator of performance;

2. Methods for improving the quality of care in hospitals;

[2] **3.** Protection of confidentiality of patient-specific information; and

[3] **4.** Cost and difficulty of data collection;

[4] **5.** Measures to reduce duplicative reporting of information; [and]

[5] **6.** Public release of data in formats useful to purchasers and/or consumers[.] ; **and**

7. Methods for efficient utilization of resources.

[(f)]

(h) The QIAC shall meet on an ongoing basis to evaluate data as it is received by the Department, and shall [establish a process for disseminating aggregate data to hospitals for review prior to public release and for use in internal quality improvement programs] **advise the Department on processes for disseminating analyses of data collected in order to promote improved performance** .